

Message Text

PAGE 01 STATE 141116

16

ORIGIN EUR-12

INFO OCT-01 ISO-00 FEA-01 AID-05 CEQ-01 CIAE-00 OFA-01

COME-00 DODE-00 EB-07 EPA-01 INR-07 IO-10 L-03 NSF-01

NSC-05 NSAE-00 PM-03 USIA-06 OES-03 SS-15 SP-02 CG-00

H-02 PA-01 PRS-01 DOTE-00 /088 R

DRAFTED BY EUR/CAN:LFJANOWSKI:MGH

APPROVED BY EUR:RDVINE

L/OES:JRCROOK

----- 063537

R 170000Z JUN 75

FM SECSTATE WASHDC

TO AMEMBASSY OTTAWA

INFO AMCONSUL HALIFAX

LIMITED OFFICIAL USE STATE 141116

E.O. 11652: N/A

TAGS: SENV, CA

SUBJECT: EASTPORT REFINERY

1. PITTSTON VICE PRESIDENT KAULAKIS CALLED ON DEPUTY ASSISTANT SECRETARY VINE ON JUNE 13 TO DISCUSS PROPOSED REFINERY AND MARINE TERMINAL AT EASTPORT, MAINE. KAULAKIS STATED THAT COMPANY IS REVIEWING COMMERCIAL FEASIBILITY OF PROJECT IN LIGHT OF MAINE BOARD OF ENVIRONMENTAL PROTECTION ORDER AND CHANGED ECONOMIC CONDITIONS, PARTICULARLY COST OF IMPORTED CRUDE. HE INDICATED THAT IN NEXT 6-9 MONTHS COMPANY WILL BE IN PROCESS OF LINING UP CRUDE SUPPLIERS, TANKERS, AND FINANCIAL BACKING. UPON COMPLETION OF THIS STEP, PITTSTON WILL AGAIN EVALUATE SITUATION AND VIABILITY OF MOVING INTO DESIGN STAGE AND ACTUAL PROCUREMENT OF HARDWARE. LIKEWISE, COMPANY WILL BE ATTEMPTING TO OBTAIN LIMITED OFFICIAL USE LIMITED OFFICIAL USE

PAGE 02 STATE 141116

NECESSARY STATE AND FEDERAL PERMITS IN NEAR FUTURE. PITTS-
TON DOES NOT SEE INSURMOUNTABLE DIFFICULTIES IN THIS
RESPECT, AND DOES NOT FEEL THAT ENVIRONMENTAL IMPACT STATE-
MENT REQUIRED FOR FEDERAL PERMITS WILL POSE MAJOR OBSTACLE.

2. KAULAKIS STATED THAT COMPANY WISHED TO SETTLE CANADIAN PROBLEM WITHIN THE NEXT SIX MONTHS, AND THAT PRIMARY PURPOSE OF HIS CALL WAS TO ASCERTAIN STATE'S VIEWS ON BEST MEANS TO APPROACH CANADIANS. HE AGAIN EXPRESSED VIEW

THAT WATERS OF HEAD HARBOR PASSAGE WERE INTERNATIONAL, BUT APPEARED TO MEAN BY THIS THAT WATERS WERE TERRITORIAL SEA RATHER THAN INTERNAL WATERS.

3. LOS ASPECTS WERE REVIEWED WITH KAULAKIS. VINE INDICATED THAT CANADIANS VIEW HEAD HARBOR PASSAGE AS INTERNAL WATERS, WHILE US HOLDS THE VIEW THAT THEY ARE TERRITORIAL SEA, WITHIN WHICH VESSELS ENJOY THE RIGHT OF INNOCENT PASSAGE. VINE REVIEWED US & CANADIAN LEGAL POSITIONS, NOTING THAT IN US VIEW, CANADIANS CANNOT ARBITRARILY OR UNREASONABLY INTERFERE WITH VESSELS ENGAGED IN INNOCENT PASSAGE IN HEAD HARBOR PASSAGE. VINE MENTIONED BRIEFLY US & CANADIAN VIEWS ON LOS STRAITS AND ENVIRONMENTAL ISSUES, AND INDICATED THAT--IF NOT CAREFULLY HANDLED--EASTPORT COULD RAISE IMPORTANT ISSUES OF PRINCIPLE WHICH WOULD MAKE MUTUALLY ACCEPTABLE SETTLEMENT VERY DIFFICULT. VINE THEREFORE URGED PITTSTON TO SEEK TO HANDLE ISSUE ON A PRAGMATIC TECHNICAL BASIS. KAULAKIS INDICATED COMPANY'S DESIRE TO DISCUSS PROBLEM IN FORUM DEVOID OF EMOTIONALISM, AND THAT FURTHER POLITICAL CONFRONTATION NOT IN BEST INTEREST OF COMPANY.

4. VINE SUGGESTED THAT PITTSTON MAKE DIRECT APPROACH TO GOC. HE REVIEWED LOGAN ACT, WHICH LIMITS DIRECT CONTACTS BY US CITIZENS WITH FOREIGN GOVERNMENTS CONCERNING CONTROVERSIES BETWEEN USG AND FOREIGN GOVERNMENT. VINE INDICATED INFORMAL VIEW THAT ACT NOT APPLICABLE, BUT SUGGESTED THAT PITTSTON'S COUNSEL REVIEW THE ACT. IF COUNSEL WAS TROUBLED BY ITS PROVISIONS, WE WOULD BE WILLING TO FACILITATE CONTACTS WITH GOC OFFICIALS, OR TO TAKE OTHER MEASURES SHORT OF ACTUAL PARTICIPATION IN DISCUSSIONS
LIMITED OFFICIAL USE
LIMITED OFFICIAL USE

PAGE 03 STATE 141116

WITH THE GOC IN ORDER TO MAKE CLEAR OUR APPROVAL OF PITTSTON'S CONTACTS WITH GOC. VINE SUGGESTED THAT TECHNICAL APPROACH TO CANADIAN MOT AS LOGICAL NEXT STEP, REALIZING STRONG POSSIBILITY EXISTED THAT PITTSTON WOULD BE REFERRED TO ENVIRONMENT CANADA. KAULAKIS AGREED TO TECHNICAL APPROACH, AND INDICATED THAT INITIAL APPROACH WOULD LIKELY BE LETTER TO MOT DEPUTY MINISTER O'NEIL.

5. VINE REQUESTED THAT PITTSTON KEEP US CLOSELY INFORMED OF PROGRESS, OR LACK THEREOF, WITH CANADIANS. HE SUGGESTED THAT APPROPRIATE POINTS OF CONTACT BE ROUSE (EUR/CAN) AND NEF (EMBASSY OTTAWA). DEPARTMENT ALSO SUGGESTED

THAT IN VIEW CIRCUMSTANCES, PITTSTON MIGHT WISH TO RETAIN SERVICES OF CANADIAN LAW FIRM.

6. KAULAKIS WAS QUERIED ABOUT THE POSSIBILITY OF USING THE PROPOSED ST. JOHN-BUFFALO PIPELINE AS A SOURCE OF CRUDE FOR THE REFINERY. HE INDICATED THAT PROPOSAL WAS

IN EARLY STAGE, THAT TIMING WAS POOR FOR PITTSTON'S PURPOSES, AND THAT EVEN IF PIPELINE WAS BUILT, COMPANY STILL FACED PROBLEM OF SHIPPING PRODUCT FROM EASTPORT. KAULAKIS FURTHER INDICATED THAT PITTSTON WOULD LIKELY CREATE SUBSIDIARY FOR EASTPORT OPERATION, AND THAT PITTSTON WAS CONSIDERING POSSIBILITY OF FINANCIAL PARTICIPATION OF OTHER FIRMS IN SUBSIDIARY. KISSINGER

LIMITED OFFICIAL USE

<< END OF DOCUMENT >>

Message Attributes

Automatic Decaptioning: X
Capture Date: 26 AUG 1999
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PETROLEUM INDUSTRY, INNOCENT PASSAGE, REFINERIES, CARGO SHIPS, ENVIRONMENT, LICENSES
Control Number: n/a
Copy: SINGLE
Draft Date: 17 JUN 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: greeneet
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975STATE141116
Document Source: ADS
Document Unique ID: 00
Drafter: EUR/CAN:LFJANOWSKI:MGH
Enclosure: n/a
Executive Order: N/A
Errors: n/a
Film Number: D750210-0321
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t197506101/baaaamui.tel
Line Count: 125
Locator: TEXT ON-LINE, TEXT ON MICROFILM
Office: ORIGIN EUR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: greeneet
Review Comment: n/a
Review Content Flags:
Review Date: 06 MAY 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <06 MAY 2003 by BoyleJA>; APPROVED <26 SEP 2003 by greeneet>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
06 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: n/a
TAGS: SENV, CA, US, PITTSTON
To: OTTAWA INFO HALIFAX
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006